

**Administrators**  
**28 TAC §§7.1601 - 7.1618**  
June 3, 2009

The adopted new sections implement HB 472 (enacted by the 80th Legislature, effective September 1, 2007), which amended the Insurance Code Chapter 4151. The adopted new sections establish the licensing, contracting, auditing, and reporting requirements of the Insurance Code Chapter 4151, as amended by HB 472, for all administrators, including administrators with delegated duties in the workers' compensation system.

How the rules will work:

- eliminate outdated and inapplicable requirements;
- define the scope and applicability of the adopted rules;
- streamline the application process;
- define the terms administrator, administrator contractor, and administrator subcontractor;
- clarify that all persons that act or hold themselves out as administrators (including administrators who are administrator contractors and/or administrator subcontractors) are required to hold certificates of authorities under the Insurance Code Chapter 4151 and to meet the requirements Chapter 4151 and the adopted rules;
- clarify notification requirements for changes in control of an administrator/applicant and in facts and circumstances affecting the issuance of a certificate of authority;
- clarify that an administrator/applicant is required to maintain the qualifications to obtain a certificate of authority under the Insurance Code Chapter 4151 at all times;
- prescribe fidelity bond and fiduciary bank account requirements for applicants/administrators;
- prescribe contracting requirements of administrators;
- prescribe operational review and on-site audit requirements, which impose a minimal level of oversight and responsibility on each insurer that utilizes the services of an administrator, including an administrator contractor and an administrator subcontractor;
- prescribe annual report requirements of administrators;
- clarify the format and content of audited financial statements under the Education Code §22.004;
- enumerate prohibited transactions;
- prescribe requirements for the transfer and maintenance of books and records;
- clarify hazardous or injurious operating conditions for applicants/administrators; and
- establish new application, annual report, and examination fees.